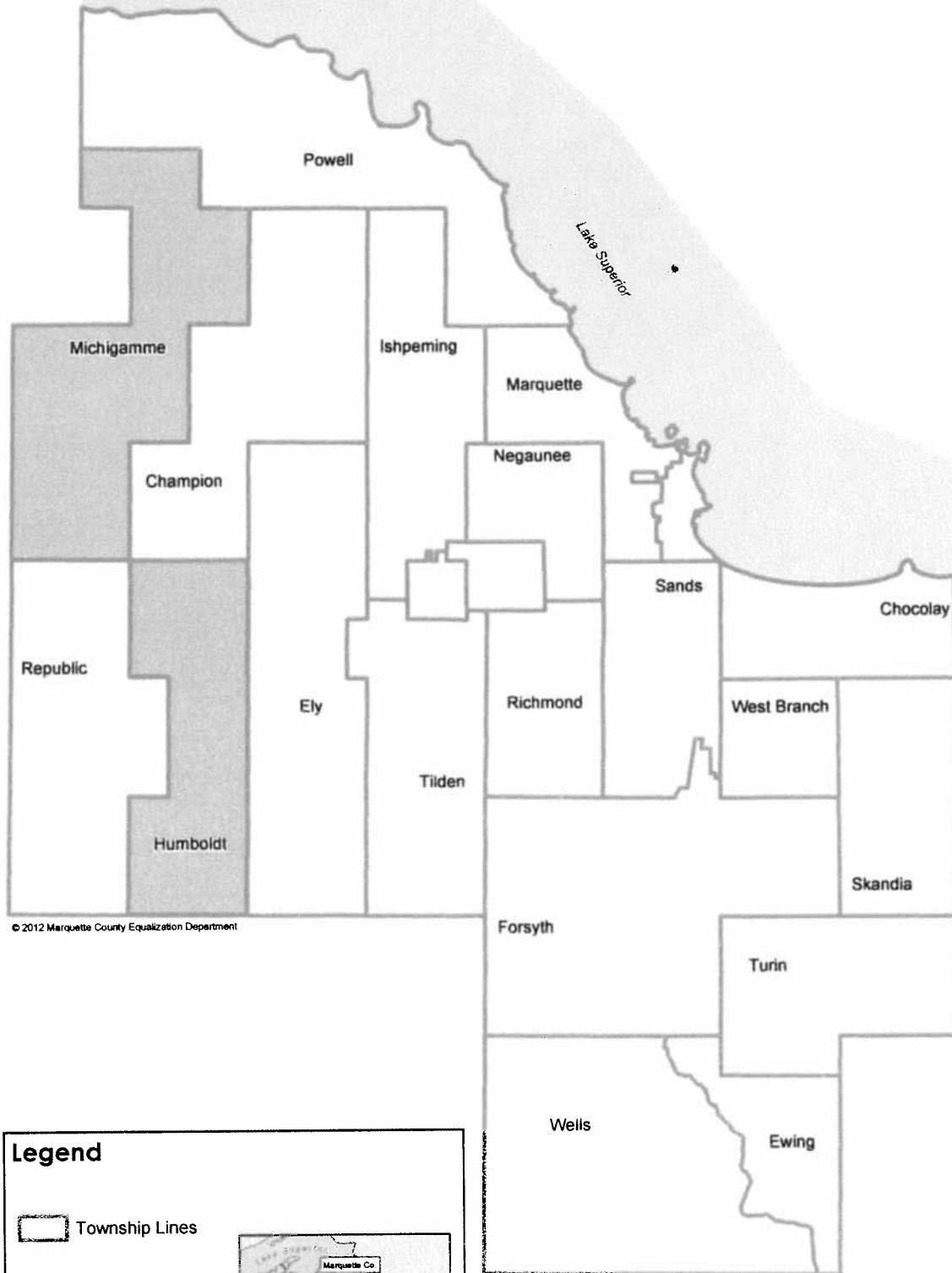


County of Marquette, Michigan 2012

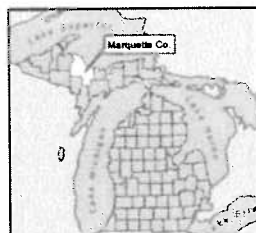


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Legend

 Township Lines

This document should be used
for reference and not for legal,
or site specific purposes.
Marquette County is not
responsible for any errors or
omissions in regards to this document.



5 2.5 0 5 10 15
Miles

Severance Tax:10-20-2012

State of Michigan receives 7% royalties'

Issues for Humboldt Township:

** Humboldt Twp. property **not connected** >67 road miles

** **No minerals to be extracted** >the Humboldt Mill is a **milling facility factory**>like any other factory, paper mill, power plant, manufacturing model shop, **or industrial facility** throughout Michigan on the Ad Valorem Tax.

The Humboldt Milling Facility has **historically been on Ad Valorem rolls since 1978 over 34years **5 separate owners** that include: Cleveland Cliffs Mining Company,, Callahan Mining Company, Coeur d'Alene Mining Company, Mineral Processing Corporation, **ALL who delivered ore from mineral deposits outside Humboldt of Township. These mines where not connected to the mill and paid Ad Valorem Tax to Humboldt Township, Marquette County, NICE Schools and the State of Michigan**

This Bill **Exempts the Personal Property Tax, the majority of the milling equipment is **removable** and will be considered personal property. Thus **non taxable**

This bill includes Humboldt Township In the severance tax, **contradicting the Michigan State Geologist Hal Fitch and Michigan Department of Treasury Kelli Sobel (See attached)keeping the Humboldt Mill facility separate from taxing of the mineral ore body!

The environmental controls specific to the water treatment plant in Humboldt Mill should not be Tax Exempt, the **water treatment plant is a requirement for dispersing tailing in the sub aquifer make this a necessity for utilize the pit.

The severance tax has no provision for the **Township to Tax the Sub Aquifer that has **substantial value.**

03102'11 page 9 #20 thru 27 and all of page 10 **this defines normal maintenance** that will include the entire renovation of the Humboldt Mill inside and out **without adding taxable value.**

The creation of a rural economic fund that will service the entire state of Michigan is totally bias to mining in the Upper Peninsula. **The tax revenue will only be generated on minerals in the Western Upper Peninsula not the entire state.

This bill will have significant financial **short falls against the Ad Valorem Tax Policy(see attached).

****Humboldt Township believes that this legislation will allow undercapitalized Mining Companies to become permitted. We have seen firsthand what can happen with regards to underfunded companies in our community.(see attachment)**

**** This bill does not address how Humboldt Township will receive revenue allocations when processing ore from other Townships, Counties or States, and make no provision for other mining companies ? (See attachment)**

****Humboldt Township believes that this legislation is highly deficient and poor at best! This legislation doesn't even address the direct basic issues of allocation of revenue of minerals from the Mine site ore body located in Michigamme Township, the next ore deposit in Champion Township accessed via Eagle Mine in Michigamme, and the Humboldt Milling Facility.**

****Humboldt Township believes this is not good tax policy for the State Michigan.to creates a tax on nonferrous metallic minerals alone and spread a portion the revenue across the state. The tax should include all of Michigan's minerals across the state.**

****HB 6007 –HB6012 likely to cause irreparable harm to the communities of Humboldt Township, the NICE School district and Marquette County for decades to come**

****The long term effect on economic growth in Michigan, will suffer greatly, for no community will support a development project if the local communities will not receive a **fair financial benefit! There will be stagnant growth across Michigan.****

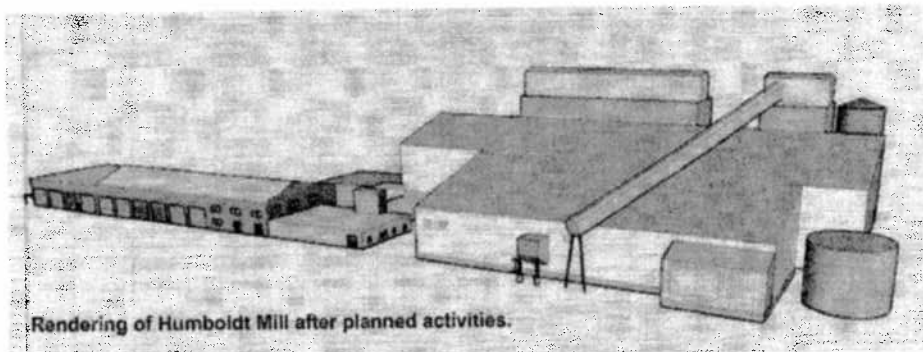
Thank you for your consideration on this issue

Joseph Derocha

Humboldt Township

Humboldt Mill

Renewing a community asset



Rendering of Humboldt Mill after planned activities.

Introduction

In Humboldt Township west of Marquette, Humboldt Mill remains a fixture of Northern Michigan's mining history. Its service to several prominent mining companies beginning in the 1950s is weaved into the culture and economy of the local area. Humboldt Mill has remained idle since the mid 1990s, falling into disrepair. Even so, this existing Brownfield industrial site is an important community asset awaiting an opportunity for renewed purpose.

Kennecott purchased the mill in September 2008. The company has applied for state permits necessary to refurbish the facility. Once permits are received, the company intends to invest an estimated \$80 million in site clean up, environmental reclamation, and equipment upgrades. Kennecott's investment in the mill is part of the company's long range business plans in the UP, and will add to the sustainability of mining operations in terms of social, economic and environmental benefits.

Kennecott plans to utilize the mill for much the same purpose the facility has been used in the past — to crush mineral-containing rock, and concentrate the minerals to be shipped for processing and smelting elsewhere. The start of milling operations are planned to coincide with ore production from Kennecott's Eagle Mine, which is expected to begin in late 2011, following a two-year mine construction phase.

Planned Activities

Kennecott is committed to a healthy, safe, clean environment in the communities in which it operates. General clean up, asbestos and lead paint removal, and improved storm water management systems are integral to the work that will be done at the mill.

Kennecott will build a water treatment plant at the site as a contingency to ensure water used during the milling process meets state and federal discharge requirements prior to it being returned to the environment.



A Kennecott technician inspects the integrity and condition of one of two ball mills being reconditioned at the Humboldt Mill. The ball mill is a cylinder containing steel balls that tumble to crush rocks that contain minerals into smaller pieces.

Benefits of the Humboldt Mill Restoration Project and Future Operations

While Humboldt Mill provides added value to Kennecott's operations, reclaiming the mill site and bringing it back into commercial service holds a number of benefits for the community and area workers, including:

- 50 to 70 full-time local operations jobs, making Humboldt Mill the largest employer in the immediate area
- 100 to 200 local contract jobs for site reclamation, and facility rehabilitation and construction
- \$80 million investment in site work and milling and environmental control equipment, adding to the tax base of Humboldt Township and the N.I.C.E. school district.
- Use of an existing Brownfield site
- Proper closure plan in place
- 50 percent reduction in greenhouse gas emissions
- Potential for expanded milling operations to serve possible additional mining interests.



Humboldt Mill, as seen in this 2008 photo, is poised to receive an \$80 million restoration once permits are approved. Kennecott plans to open the mill at the same time Eagle Mine begins producing ore containing nickel and copper, in approximately two years.

Approvals Necessary for Operations and Environmental Protections

As Kennecott prepares to operate Humboldt Mill, compliance with state and federal environmental laws and regulations is mandated. Today, far stricter regulations are in place than in the past to protect the environment by ensuring that companies implement appropriate controls and measures. Kennecott will be required to post a bond to insure financial recourses are secured for closure.

Kennecott has applied for permit approvals from the Michigan Department of Environmental Quality to complete refurbishment of the mill and to operate it. Applications have been submitted for air and water protection permits, and for the mill's operating permit. The applications contain environmental information gathered through studies conducted at the site over the past two years. They also contain planned operation and environmental management controls, facility designs, and contingency plans. Kennecott Eagle Minerals Company permit applications for Humboldt Mill can be viewed at the MDEQ website: www.michigan.gov/deq, or at www.eagle-project.com

Millworks

Humboldt Mill will be transformed into a thriving milling operation, with the potential of operating at a capacity three to four times greater than the Eagle Mine.

Kennecott intends to refurbish the millworks within the facility, and will install new equipment and infrastructure necessary to making Humboldt Mill an efficient, modern and safe facility.

Future Operations

Once Kennecott has received necessary permits, the Humboldt Mill will process ore from the Eagle Mine. The process includes crushing rock and grinding it to the consistency of sand. Water will then be added, and the slurry will undergo a process to separate copper and nickel minerals. It will then be filtered and shipped via rail car to processing facilities out of state. Tailings from Kennecott's operation will be deposited into the existing tailings disposal pit at Humboldt Mill. Environmental monitoring, consistent with permit conditions will be implemented.

February 2, 2009

History

Humboldt Mill has a long history in Michigan's Upper Peninsula mining sector.

The mill was constructed in the late 1950s by Cleveland Cliffs and used to process iron ore from the Humboldt Mine until the mid 1970s.

The original Humboldt mine created a natural repository for tailings disposal. Callahan Mining later reopened the mill to process sulfide ore from its Ropes Gold Mine until the late 1980s. Mineral Processing Corporation assumed ownership of the mill in the 1990s, using it to occasionally process aluminum flux for several years.

Kennecott purchased the mill in September 2008, and commenced general site clean up. Over the next 12 months efforts will be focused on obtaining permits for the mill, followed by an additional 12 months of demolition and construction activities to align initial operations at approximately the same time as the Eagle Mine.

Kennecott Eagle Minerals Company Contacts

Chantae Lessard, Senior Advisor Government and Community Relations,
906-486-1257 or chantae.lessard@notinto.com

Matt Johnson, Manager Government and Community Relations,
906-486-1257 or matthew.johnson2@notinto.com

Media Contact: Deb Muchmore,
517-372-4400 or debm@mrgmil.com



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

February 17, 2012

Howard Robare, Assessor
Michigamme Township, Marquette County
300 Riihnen Road
Negaunee, MI 49866

Dear Mr. Robare:

In accordance with MCL 211.24, the State Geologist has reported his determination of true cash value for the Kennecott Eagle Mine in Michigamme Township. Mr. Fitch reported to the State Tax Commission that he has determined the true cash value to be \$191,466,000. Mr. Fitch has indicated that this valuation represents a partial completion of the mine and has further indicated that this valuation is entirely for Michigamme Township and does not include the value of the Humboldt Mill in Humboldt Township.

The State Tax Commission certified this value at their meeting on February 15, 2012 and in accordance with MCL 211.24 is certifying this assessment to you as the assessor for Michigamme Township.

Please note for your information that MCL 211.24 also indicates:

The state tax commission, as early as is practicable before February 20, shall certify the assessment of the property to the assessor of the township or city in which the property is situated, who shall for the mineral properties and mineral rights that are owned separate from the surface rights on the property assess each to the owner at the valuation certified to him or her. However, an adjustment to the value certified by the state tax commission may be made by the assessor of the township or city to reflect any general adjustment of assessed valuation from the immediately preceding year not included in the state tax commission computation. The assessor shall determine the true cash value of the surface rights and assess the value of the surface rights to the owner. The assessment upon the metallic mining properties and mineral rights may be altered from year to year regardless of whether any previous assessment has been reviewed by the state tax commission. The assessor or the owner of any interest in the property assessed may appeal the assessment and valuation of the property as determined by the board of review to the state tax commission which shall review the assessment and valuation as provided in section 152.

Sincerely

A handwritten signature in black ink, appearing to read "Kelli Sobel".

Kelli Sobel, Executive Secretary
State Tax Commission

Enc: Memo's from Mr. Fitch to the State Tax Commission



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



DAN WYANT
DIRECTOR

February 17, 2012

Mr. Doug Roberts
Chairperson, State Tax Commission
PO Box 30471
430 West Allegan
Lansing, Michigan 48909

Dear Mr. Roberts:

SUBJECT: Allocation by Township of the Value of the Kennecott Eagle Project Metallic Mining Property

My determination of the true cash value of the Kennecott Eagle Minerals Company Eagle Project metallic mining property pertained only to the Kennecott Eagle Project mine, located in Michigamme Township. It did not include the value of the Humboldt Mill located in Humboldt Township. Therefore, there is no need to spread the determination over multiple assessment jurisdictions.

Please contact me if you have any questions.

Sincerely,

Harold R. Fitch
State Geologist and Director
Office of Oil, Gas, and Minerals
Resource Management Division
517-241-1548



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



DAN WYANT
DIRECTOR

February 10, 2012

Mr. Doug Roberts
Chairperson, State Tax Commission
PO Box 30471
430 West Allegan
Lansing, Michigan 48909

Dear Mr. Roberts:

SUBJECT: True Cash Value of the Kennecott Eagle Project Metallic Mining Property

In accordance with Section 24 of the General Property Tax Act, 1893 PA 206, I am submitting my determination of the true cash value of the Kennecott Eagle Minerals Company Eagle Project metallic mining property.

I have determined, according to my best information and judgment, that the true cash value of the Eagle Project mining property is \$191,466,000.

Please contact me if you have any questions.

Sincerely,

Harold R. Fitch
State Geologist and Director
Office of Oil, Gas, and Minerals
Resource Management Division
517-241-1548

7 year tax totals

		Ad Valorem		
		Property Tax *	Severance Tax	
Recipient of Revenue	Millage	45.1166	2.75% @ 60/40	Difference
State School Aid Fund	6.0000	\$3,079,500	\$1,684,826	-\$1,394,674
County	7.5164	\$3,857,792	\$2,110,637	-\$1,747,155
Township	8.9800	\$4,608,985	\$2,521,623	-\$2,087,362
School District	18.3100	\$11,105,344	\$6,075,847	-\$5,029,497
ISD	2.2048	\$1,131,614	\$619,117	-\$512,496
Rural Development fund		0	\$8,674,700	\$8,674,700
Total	43.0112	\$23,783,235	\$21,686,750	-\$2,096,485
		\$13,012,050		
		\$10,771,185	Local Units Loss in Taxes	

HUMBOLDT TWP

Gold mine tested for contamination

LANSING — A now-defunct Upper Michigan gold mine will be closed and sealed, and the adjacent processing site studied for levels of contaminants and restorative treatment, under terms of an Administrative Consent Order reached between DNR Director Roland Harnes, Attorney General Frank Kelley and the Callahan Mining Company.

Callahan, which was purchased by Coeur d'Alene Mines Corporation in 1991, agreed to a settlement of \$100,000 and to a remediation timetable for the correction of problems associated with Callahan's operation of the Ropes Mine and Humboldt Mill, located in western Marquette County.

Waste water containing low levels of nickel and arsenic was discharged from the Ropes Mine site until it was closed in February 1991. At the Humboldt Mill site, gold was extracted from the mined material and tailings were deposited in the Humboldt Pit until March 1990. The pit continues to discharge wastewater containing copper and nickel. Earlier, cyanide, a chemical component of the gold-removal process was also discharged. The cyanide has since naturally decomposed.

Coeur d'Alene has agreed to conduct studies and submit reports on the status of groundwater quality in the vicinity of the Humboldt Mill and submit a proposal for remediation and treatment of the wastewater, including construction of an approved treatment system, a DNR release says.

Coeur d'Alene has also agreed to study and report on the potential for wastewater discharges from the Ropes Mine site when the groundwater levels return to normal. A DNR evaluation has indicated there was no adverse effect on aquatic life in Deer Lake, which received the wastewater from the mine.

In addition, the company will place a concrete cap or a seal over the mine shaft opening, remove all buildings and foundations, stabilize and replant the area, and maintain a road system for monitoring

purposes over a five-year period.

The company has agreed to the following settlement: 1) \$10,000 as compensation for the cost of compliance and enforcement; 2) \$40,000 to the Game and

Fish Protection Fund, and 3) \$50,000 of environmentally beneficial projects on the affected properties. The consent agreement also outlines penalties for failure to comply with the schedule.

Arizona speaks up

PHOENIX — Arizona voters dealt a blow to animal rights extremists by soundly defeating a referendum against hunting on the November 3 ballot by a 62 to 38 percent vote. The referendum, known as Proposition 200, called for a ban on leghold traps throughout Arizona, and for broader measures, such as "non-lethal wildlife management," and acknowledged wildlife's existence "for its own sake." A poorly concealed attempt to end all hunting, fishing, trapping and wildlife management in Arizona, this dangerous initiative would have had national implications.

Arizonans for Wildlife Conservation (AWC), a citizens coalition, raised nearly \$800,000 to defeat the proposition. According to the AWC, Proposition 200 was the hottest issue on the November 3 bal-

lot, gaining even more votes than controversial votes on abortion and the Martin Luther King Holiday. Even the kids voted down Proposition 200 by a smashing 2 to 1 margin in mock ballots.

"The animal rights extremists learned a valuable lesson in Arizona," says Dick Lattimer, President of Archery Manufacturers Organization, whose "Save Our Heritage" program played a role in defeating Proposition 200. "That is to be careful on how and when they wake the 'sleeping giant' that is America's hunters, fishers and trappers. We can come together as one mighty force when necessary to defend scientific wildlife management and our individual sports and businesses."

State elkherds are growing

LANSING — Results of a Jan. 12-14 elk herd census conducted by DNR says that Michigan's elk herd is healthy and thriving.

"DNR wildlife biologists report a 1993 winter herd estimate of 1,350 elk, compared to 1,200 last year at this time," DNR director Roland Harnes said. "The increase in elk numbers follows the large harvest of 253 elk last fall during two September elk hunt seasons and the December 8-14 season."

The annual elk census was conducted by 80 DNR staff members and volunteers, both on the ground by observers on snowmobiles and in the air via a Michigan State Police helicopter. Michigan's elk are located in the area of about 800

square miles in portions of Cheboygan, Montmorency, Otsego, and Presque Isle counties in the northern Lower Peninsula.

The elk population was above DNR management objectives in southwestern Cheboygan and northwestern Otsego counties, and at or near population objectives over the eastern portion of elk range.

The goals of the elk management program are to maintain a viable elk population, in harmony with its environment, and to provide the public with hunting and viewing opportunities. DNR currently is preparing recommendations for the 1993 elk hunting season.

Kennecott Eagle Minerals

www.eagle-project.com

www.riotinto.com

**Kennecott Eagle Minerals Company
Michigan Mine, Air, Water Permits for Humboldt Mill
Public Hearing Information – February 2009**

Thank you for your continued interest in Kennecott Eagle Minerals. In December, Kennecott applied to the Michigan Department of Environmental Quality (MDEQ) for permits required of the company to complete planned site clean up, refurbishment and operations of the Humboldt Mill. The MDEQ will hold public information and comment sessions on Wednesday, February 18, 2009. Sessions will be held at the Humboldt Township Hall in Humboldt Township.

As you may know, these hearings are necessary for the project to move forward. They also represent one of several opportunities for public participation in the permitting process. The hearing next week is an opportunity for you to make sure your position on the permit applications and the Humboldt Mill project is known.

Kennecott is pleased to provide you with hearing details and other information that we hope will allow you to plan to participate. If you are unable to attend the hearings, you may also submit your comments in writing to the MDEQ; information about where to send comments is provided below.

For easy reference, here are the details on the DEQ information sessions and public comment sessions:

Date	Time	Location
Wednesday February 18, 2009	1 - 2 PM Informal DEQ Question & Answer Period 2:15 - 4:45 PM Formal Testimony/Public Comment 6 - 7 PM Informal DEQ Question & Answer Period 7:15 - 9:30 PM Formal Testimony/Public Comment	Humboldt Township Hall 244 CR FAF Humboldt Township

The notice of the hearing, permit applications, and related subject matter can be viewed at: http://www.michigan.gov/deq/0,1607,7-135-331_4111_18442-204738--,00.html or by accessing them from the Kennecott Eagle Project site at www.eagle-project.com, and clicking on the link at the lower left corner of the homepage.

Whether you share your experience and thoughts on the project at the upcoming hearings or simply show your support through attendance, you are an important part of making Humboldt Mill a viable milling operation once again, creating jobs and opportunities for people of the area.

You may also submit written comments — regardless of whether you decide to comment verbally — by mail or e-mail until 5:00 p.m., March 18, 2009.

Mail

MDEQ/DMNR Kennecott Comments 9
Office of Geological Survey
P.O. Box 30256
Lansing, Michigan 48909-7756

E-mail

DEQ-Kennecott-humboldt-mill-comments@michigan.gov

All verbal and written comments presented during the hearing and comment period will be considered prior to the making of a final decision by the MDEQ. On a separate sheet, we have also provided address information for other elected officials who have an interest in the project, and to whom you may want to copy letters and comments you provide the MDEQ.

-continued-

As we understand, the hearings will be conducted in a "come at your convenience" mode. The process will be simple: upon entering the hearing location, you will be asked to sign a card (name/address/affiliation/request to speak), and a hearing officer will call people to comment as they receive these cards. You may be asked to indicate on the card whether you generally support or oppose the awarding of permits for the project. We, of course, hope you will support Kennecott's request.

We do expect comments at the hearing from opponents to Eagle Mine who directly associate Kennecott's proposal for Humboldt Mill with the mine. Opponents are on the record opposing Kennecott's projects. This makes it particularly important for those who support these projects to take part in the public comment process.

Humboldt Mill Benefits and Facts

1. The Humboldt Mill project provides an excellent opportunity to:
 - a. Renew an existing but idled manufacturing facility, with an estimated \$80 million investment by Kennecott.
 - b. Revitalize this existing brownfield site (industrial site typically with environmental issues from historic operations) located in Humboldt Township.
 - c. Create additional new jobs, tax revenues and other economic benefits for the area — beyond those associated with Eagle Mine. This will allow more Yoopers to remain in the area, close to their families and with good jobs earning higher than average wages for the area.
 - i. 50 – 70 full time operations employees
 - ii. 100 – 200 construction jobs
 - iii. Benefit the N.I.C.E. School District, Humboldt Township and Marquette County with additional revenues
 - iv. Provide construction and operations vendor opportunities for other area businesses
 - d. Reduce greenhouse gas emissions by reducing the amount of ore needed to transport to smelting operations located in Canada.
2. Under Kennecott's plan, the Mill will be used to grind ore, as it was done previously (**no smelting operations will occur at the Mill; concentrated nickel and copper will be shipped to smelting operations in Canada, as previously planned**). Today, however, strict regulations require compliance to ensure environmental safeguard are maintained. A key difference how Kennecott will operate the mill is on the issue of closure of the mill – if/when that time occurs, Kennecott will be required to maintain an ongoing environmental monitoring program.
3. Kennecott is committed to compliance with permit conditions, and also to exceeding the community's expectations of us in terms of how we operate and steps we take beyond simply what is required.
4. Reopening the Mill is an excellent opportunity for positioning Rio Tinto/Kennecott in the UP for the long term. It will initially serve Eagle Mine, but has the potential of serving future additional Kennecott mines that the company is currently exploring. Kennecott has also indicated the Mill could serve other regional mining company interests, thereby contributing to the sustainability of the mining sector in the UP.

Thank you again for your interest and willingness to participate. We know that you likely have your own perspectives and experiences to share with the MDEQ, which is ideal. However, some supporters have asked for details on the project, our plans and the permit approval process. Attached is a fact sheet about the Humboldt Mill project. This, and other helpful tips (making comments and writing to the MDEQ) are provided on separate pages of this communiqué to make it easier for you to use materials that best suit your needs. You may also visit our website at www.eagle-project.com for more information as well.